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Yunfeng Financial Group Limited
雲鋒金融集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 376)

UPDATE ON USE OF PROCEEDS

Reference is made to (i) the circular of Yunfeng Financial Group Limited (the “**Company**”) dated 21 September 2020 in relation to, among others, the Subscription of ordinary shares of the Company by Jade Passion Limited and MassMutual International LLC respectively (“**Circular**”), and (ii) interim report of the Company for the six months ended 30 June 2021 (“**Interim Report**”). Unless otherwise defined, capitalised used herein shall have the same meanings as defined in the Circular.

UPDATE ON USE OF PROCEEDS

The total net proceeds received by the Company from the Subscription was HK\$2,040,588,934 (“**Net Proceeds**”).

As disclosed in the Circular, the Company estimated that approximately 60% of the Net Proceeds (amounting to approximately HK\$1,224.6 million) would be applied on potential strategic investment for business diversification and enhancement (“**Strategic Investment**”), and this included among others, exploring opportunities for expansion of its insurance business as well as enhancing the Group’s capabilities in areas of InsurTech and Fintech through co-operating with external parties in the form of acquisition and joint venture or through self-development. It was also disclosed in the Circular that in respect of any unutilised Net Proceeds, the Company will generally adopt a treasury management model that may involve (but shall not be limited to) holding fixed income instruments and high quality financial investments in order to maximize the Shareholders’ interest as a whole (“**Treasury Management Model**”).

As at the date of this announcement, the Company has not utilised any part of the Net Proceeds which had been allocated for Strategic Investment (“**Unutilised Proceeds in Strategic Investment**”). In addition to the scope of investments already mentioned in the Circular, the Company intends to temporarily deploy in full or any part of the Unutilised

Proceeds in Strategic Investment to investments in medium term investments with investment horizon of around 1 to 3 years including (i) debt instruments such as bonds, debenture, notes and convertible notes, (ii) investments in private equity and (iii) exchange traded funds and hedge funds, and other fund investments types which terms are compatible with Company's investment strategy.

Details of the utilisation of the Net Proceeds up to the date of this announcement and the update in expected timeline of intended use of the Unutilised Proceeds in Strategic Investment are set out below:

	Proposed application of the Net Proceeds as stated in the Circular <i>(HK\$ million)</i>	Actual usage up to the date of this announcement <i>(HK\$ million)</i>	Unutilised Net Proceeds as at the date of this announcement <i>(HK\$ million)</i>	Expected timeline for utilising the remaining Net Proceeds <i>(HK\$ million)</i>
Strategic Investment	1,224.6	-	1,224.6	Expected to be fully utilised on or before 31 December 2024
Asset management business	306.1	(245.6)	60.5	Expected to be fully utilised on or before 31 December 2023
Securities brokerage business	306.2	(306.2)	-	-
Working capital	204.1	(204.1)	-	-
Total:	2,041.0	(755.9)	1,285.1	

REASONS AND BENEFITS FOR THE UPDATE ON USE OF PROCEEDS

As at the date of this announcement, the Company is still actively searching for potential investment, joint venture or acquisition opportunity for Strategic Investment purposes. In order to manage the Unutilised Proceeds in Strategic Investment in a more effective manner and to efficiently utilise the financial resources of the Company, the management of the Company believes that the above temporary deployment of the Unutilised Proceeds in Strategic Investment to medium term investments is appropriate and will provide greater flexibility to the Group. It will be able to generate stable investment returns to the Group in the interim, which is consistent with the Company's Treasury Management Model and will aid to strengthen the Company's future development plans. Hence, the Board considers the above update in the use of the Net Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company is still continuously searching for and assessing potential strategic investments opportunities for business diversification and enhancement and will deploy any part of the Unutilised Proceeds in Strategic Investment on such Strategic Investments when deemed appropriate.

By Order of the Board
Yunfeng Financial Group Limited
Zhang Ke
Executive Director, Vice Chairman and Chief Executive Officer

Hong Kong, 12 November 2021

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive Director), Mr. Zhang Ke (who is Vice Chairman, Chief Executive Officer and executive Director), Mr. Huang Xin and Ms. Hai Olivia Ou (who are executive Directors), Mr. Adnan Omar Ahmed and Mr. Michael James O'Connor (who are non-executive Directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive Directors).